



COOPERATE
NOURISH
THE EARTH
AND FEED
THE WORLD

Over 85 years of history

PERFORMANCE HIGHLIGHTS



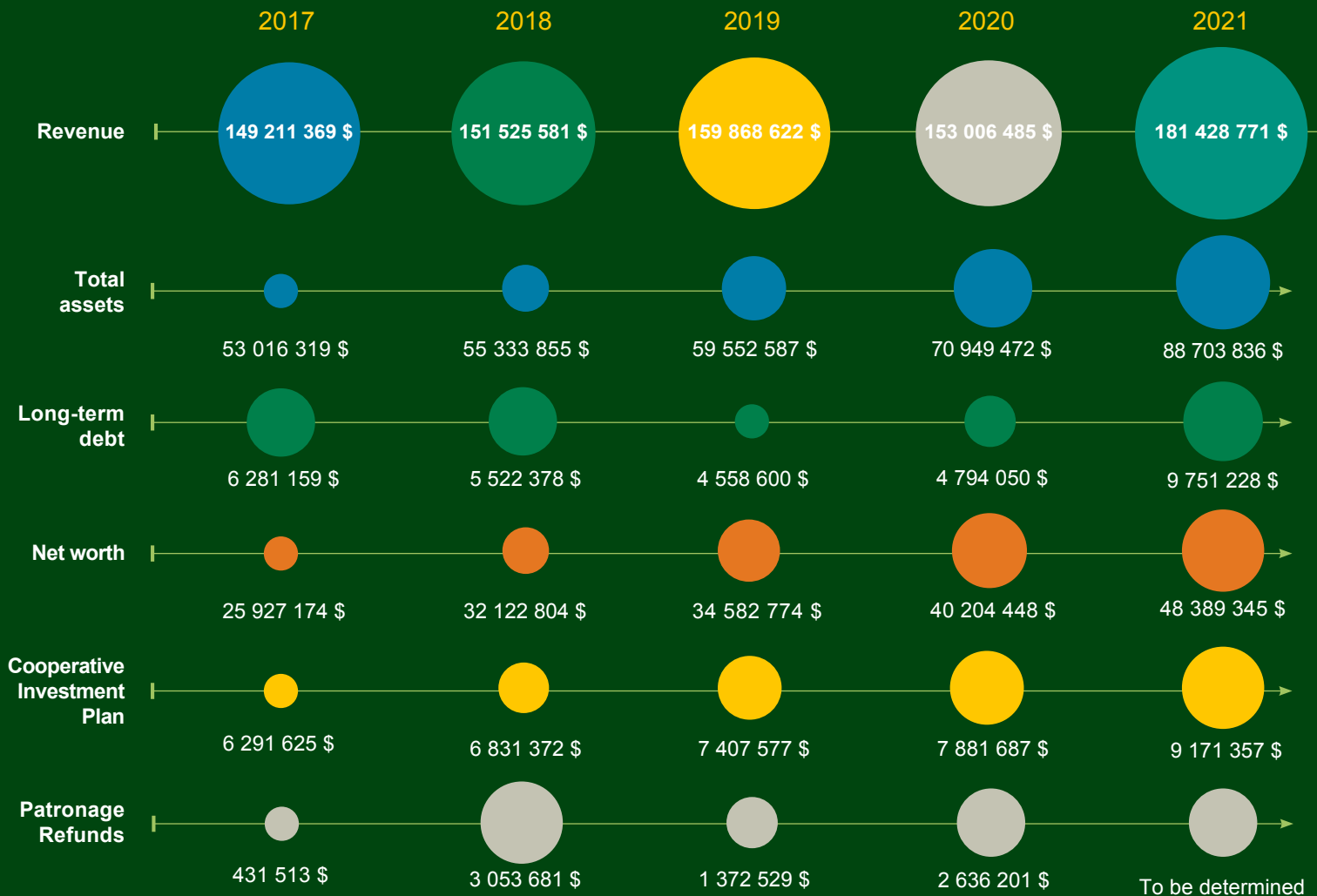
901
producer
members
4
partners

64
auxiliary
organizations

361
auxiliary
members

135
employees
en 2021

Evolution since 2016



OUR BOARD OF DIRECTORS





SYLVAIN BRAULT
President

PRESIDENT'S MESSAGE

Yes! 5 years since the birth of Uniag Cooperative in its current form.

Born from the merger of La Coop Uniforce, La Coop AgriEst and La Coop des Frontières in 2016, it must be admitted that within its geographical boundaries, which are immutable, the structure of your cooperative has been in constant evolution since its beginnings: the integration of our vegetable sector with Norseco, the joining of our grain marketing sector with Sollio & Grains Québec along with nine other cooperatives, and, since last November, our animal production and crop production sectors in a regional partnership with Sollio Agriculture. In spite of all these associations, Uniag has nevertheless succeeded in forging its own identity through its places of business. Guided by its values of honesty, fairness, responsibility, solidarity and rigour, I believe we can say that our cooperative has now become a model company in its field. With the well-being of our employees, the satisfaction of our members and the respect of the environment at heart, combined with a solid financial performance and a shining balance sheet, we can say that it is mission accomplished for this first five years.

A shining report!

And the future of Uniag Cooperative looks brighter than ever!

First, let's look back at the year that just ended. Once again, 2021 was a challenging year, especially with the ongoing pandemic and all of its accompanying constraints. Our employees have more than delivered from the start, and we now see all the easing of sanitary measures and a return to a more normal life with relief and optimism. A sincere thank you once again to all of our employees who have held the fort during these difficult times.

Despite the pandemic, many of the issues discussed in recent years have come to a conclusion in 2021. Of course, the sale of the head office has been completed. By leasing only the portion we use, this sale is already saving us money while we evaluate our needs, considering the more employees will work from home. It's something that has been added to the equation since the pandemic began.

The Sollio & Uniag Agriculture Cooperative regional partnership is another big deal that came to fruition this year. In operation since November 1, this strategic partnership will bring many benefits to our animal and plant sectors at the competitive level and will now allow us to look at many projects to further improve our service offering. In a context of rising input prices and supply difficulties, any initiative that will allow us to improve the profitability of our members and clients must be considered.

On the retail side, the cooperative became the owner in 2021 of the building housing the Napierville hardware store, which we had been renting for the last three years, thus demonstrating our confidence in this sector on the territory. A great deal of work has been done to redevelop the Sainte-Martine, Saint-Polycarpe, Sainte-Barbe and Saint-Albert branches, and more improvements are on the way. The results of the last few years show that we are meeting the standards of our customers and members and our intention is to continue to adapt our product line in the coming months to reinforce our leadership position in agriculture.

In our grain marketing sector, we have now completed our first year of operation with Sollio & Grains Québec. The results were not as satisfactory as expected, but many adjustments were made during this first year, which already gives us a glimpse of better figures in 2022. I remind you that more than one million tons of grain are marketed through this joint venture network, which now includes the Agriscar and Novago cooperatives since the beginning of the new fiscal year.

At the administrative level, the big change in this sector has certainly been the implementation of Viridem, a software that allows the automation of certain administrative processes. In addition to improving work efficiency, the implementation of Viridem has brought us closer to our objective of using as little paper as possible, in line with our corporate social responsibility plan.

I would like to say a few words on this subject, as you will hear more and more about it in the coming years. Corporate social responsibility or CSR (formerly known as sustainable development) is a concept of business development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is based on three pillars: economic, social and ecological. The Board of Directors has given itself an alignment and objectives at this level and you will be able to see the follow-up in future annual reports.

At the association level, the pandemic has continued to complicate the work of our communications people with cancellations or adjustments to be brought in according to the health regulations in effect.

Our Summer Party and the Bike Challenge were postponed once again, but we took advantage of the short break before the arrival of the Omicron variant to hold our Holiday Dinners at the farms of four members of the Board of Directors. Your participation in this activity was more than pleasing and the experience will surely be repeated. For next summer, even if nothing is certain at this time with the pandemic, we are planning to organize a few activities, some of which would be held in collaboration with Sollio Groupe Coopératif which is celebrating its 100th anniversary this year.

In a concern of the board of directors to improve interaction with our members, we have also recently started kitchen meetings with targeted groups of members. For this winter, vegetable producers from the Napierville area, young people and former directors of the cooperative have been targeted as a group of members to meet. If the experience proves positive, it could continue in the coming months. In the meantime, I confirm that I and your administrators are available to address your questions, problems or ideas that could help us to adapt your cooperative to your needs and aspirations. The mission of Uniag Cooperative remains our priority, which is to contribute to the success and development of its members.

In closing, I would like to thank our General Manager Jean-Sébastien Leblanc for his excellent work during the year as well as all our employees. A big thank you also to the administrators for their dedication, their assiduity and their professionalism at all times. And finally, thank you dear members for your support and your participation in the success of your cooperative!



Sylvain Brault
Uniag Cooperative President



EXECUTIVE COMMITTEE



GENEVIÈVE MESSIER, CRIA
Director of Human Resources
and retail
3 years of service



ISABELLE FAILLE, CPA, CA
Director of Finance and Administration
19 years of service



JEAN-SÉBASTIEN LEBLANC, AGR.
General Manager
18 years of service



LYSANNE DAVID
Communications coordinator
3 years of service



AKIM SOULÉ, AGR., MBA
Sales Director, crop sector
13 years of service



FRÉDÉRIC LAPORTE
Director of Operations
17 years of service



DOMINIC BÉLANGER, AGR.
Sales Director, livestock sector
18 years of service

MANAGEMENT REPORT



JEAN-SÉBASTIEN LEBLANC, AGR.
General Manager

A word from the General Manager

Managing in times of crisis has practically become the norm! In addition to the pandemic that is still not over, there was a cyber attack at Sollio Cooperative Group in November 2020 and throughout the year an increasingly tangible strain on the supply chains of our major business sectors, including transportation. And that's without mentioning the labour crisis that has also impacted us over the past year. This famous cocktail did not prevent Uniag Cooperative from performing very well and ending its fifth fiscal year with record results!

As usual, the President has given you a very complete picture of the past year. For my part, I am going to explain to you in a little more detail the results of each sector of activity.

Before going any further, I would like to draw your attention to the fact that all the results that will be presented to you are based on a 12-month fiscal year, which ended on October 30th. The comparables for the previous year are taken from an 11-month fiscal year.

A handwritten signature in black ink, reading "J-S Leblanc agr.", with a small "agr." at the end.

Jean-Sébastien Leblanc
General Manager

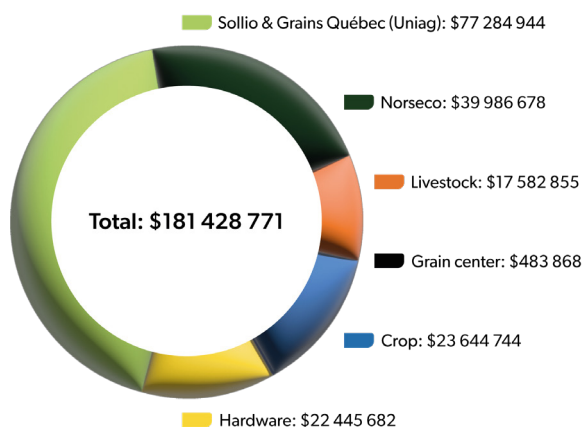


ANIMAL

For the animal sector, the increase in sales was \$1,803,905, representing an increase of 11.4%. Sales in complete feed equivalent (CFE) decreased from 51,548 MT to 47,865 MT, or 7.2%. The gross margin is down in percentage terms to 14.3% compared to 16.5% in 2020. The cost of raw materials was higher in 2021, which also increases the selling price. However, the gross margin per MT (EAC) improved by \$2.05/TM during the same period.

In the animal sector, the year 2021 was punctuated by several elements: sustained market prices for ingredients led to several substitutions in on-farm feed choices, such as lower-margin products or economical blends from the TMR line. The variation in sales is also explained by an inflationary trend caused by the cost of different ingredients. A substantial increase in transportation costs was seen at the end of the fiscal year. The impact will be felt more in 2022.

2021 sales in \$ by sector (12 month period)



CROP PRODUCTION

Field crop seeds

In field crop seeds, there is an increase in sales of \$347,074 over 2020. There were more corn sales (6,755 bags vs. 5,320 bags) and fewer soybean sales (13,202 bags vs. 14,663 bags). Our Maizex corn brand is becoming more recognized and appreciated by growers, which is helping to grow market share in corn. The field performance of several hybrids has certainly helped to increase this growing reputation.

Much of the increase in seed sales is attributable to corn and inoculants and preservatives. As for gross margin, it is up sharply to 20.8% from 14.6% in 2020. Although sales are down in soybeans, forages and cereals, these bring higher margins in 2021. Margins for corn and inoculants are higher in 2021 at 16.5% compared to 14% in 2020. In total, this corresponds to an increase of \$454,884.

Crop protection

In 2021, sales are higher by \$2,084,469. This large increase is due to the warm, wet season which brought more sales of fungicides to control diseases in the vegetable garden. Also, there were more insects in soybeans, which resulted in insecticide sales. On the other hand, the gross margin is higher at 12.1% compared to 10.2% in 2020. The main difference comes from a significant obsolescence allowance in 2020. In addition, manufacturers' end-of-season discounts for 2021 were higher than last year.

On the Quebec side, the issue that most caught our attention in this product segment was the separation of product and agronomic billing. The Sollio network has set up a project to find a way to respond to this new constraint, while preserving our traditional approach, which is to focus on quality agronomic services. Recently, the Ordre des agronomes du Québec announced the postponement of this new obligation until 2023... To be followed!

Fertilizers

There was a growth in sales of \$1,624,892, which follows the increase in the selling price per ton from \$467/MT to \$450/MT in 2020. The market value of the fertilizer price also increased between 2021 and 2020. In addition, the number of tons traded is higher in 2021 with 24,776 MT VS 22,082 MT in 2020, an increase of 12.2%. As for the gross margin, it is lower than last year by \$14/MT. This decrease is mainly explained by excess sales during the season when the replacement cost of certain raw materials had already started to increase significantly.

Specialized Services

In terms of specialized services in the crop production sector, we have continued on the same path as 2019 and 2020, with a view to consolidating our offer and developing or maintaining partnerships in order to offer you various quality services.

The number of EFPs is down slightly to 130 EFPs in 2021 from 146 EFPs in 2020. On the contract spraying side, we have experienced a decrease in acres sprayed, but still managed to make a slight profit margin. On the lime side, we are talking about an increase of over 300 TM applied or 32% increase and a positive profitability for this service. Finally, fertilizer application grew in its second year of operation. There were 3,156 acres covered VS 2,553 in 2020. Gross margin also increased for this service. The AgConnexion service has grown so much within your cooperative that it was named Digital Cooperative of the Year at the last Sollio Agriculture recognition gala.

VEGETABLE SEEDS & NORSECO

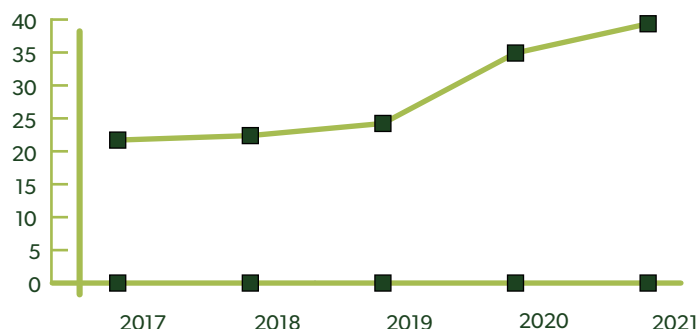
There are no longer any vegetable seed sales recorded directly in the books of the cooperative. These sales are now recorded through a resale mandate and the total of \$10,539,982 represents sales made to Uniag Cooperative members by Norseco L.P. These sales are recorded in the books of the Cooperative in order to recognize them for the calculation of patronage dividends. These sales are recorded in the Co-op's books in order to recognize them for the calculation of patronage dividends. The negative gross margin is due to the write-off taken on the bill corresponding to the transferred inventories. Otherwise, the gross margin would have been 0% or zero.

Norseco

We have now made a habit of reporting Norseco's summary results to you. Since the acquisition in 2014, the results have never stopped growing to reach a new high in 2021 of \$39,986,678. The same is true for the profitability of this subsidiary! The W.H. Perron product line, which is a trademark owned by Norseco L.P. and a leader in mail-order seed sales of all kinds, also had a booming year with strong demand from the general population and the development of an offering for hardware stores in the BMR network.

After the first two years of the partnership's existence, Norseco's management, the members of the Board of Directors and I are very satisfied with the results obtained. Including the new category of associate members adopted at the last annual general meeting, we are convinced that we have an agile and sustainable business model to support the development of this subsidiary in the future.

Norseco sales in millions \$



GRAINS

Grain marketing

This is the first year that Uniag Cooperative has dealt with Sollio & Grains Québec via a resale mandate for the grain trade. The number of metric tons is increasing between 2020 and 2021. There are 8,776 more MT in total and dollar sales are higher than last year at \$77,284,944. As for the average selling price, it is around \$342/MT this year compared to \$301/MT in 2020. Historically high and sustained stock market prices explain this significant difference.

In terms of gross margin, there is a drastic decrease: the margin is \$160,913 in 2021 compared to \$832,815 in 2020. With the arrival of the GQ Agricultural Partnership L.P., the gross margin for the sector will be close to \$0, as the L.P.'s capital distribution will be recorded in other income rather than in gross margin. In 2021, soybean sales to Grains Elite were recorded in the first months of the year, as well as a good portion of the corn crop, explaining the gross margin recorded for this sector. Sollio & Grains Québec's activities officially began on December 5, 2020. However, the sector results were below expectations for the first year of operations of the joint venture.

Grain center

The grain center is the micronization of soybeans, which is done at our facility in St. Albert, Ontario. Sales in 2021 are higher at \$483,868 compared to \$384,339 in 2020. This increase is explained by the regularization of the billing of a customer account for volumes transacted in 2020. In addition, the gross margin is down slightly to 42.7% compared to 42.9% in 2020. The change in operator did not affect your cooperative's ability to continue to supply your on-farm needs and manage grain bank.

RETAIL Hardware

Sales for 2021 are \$15,761,547 compared to \$12,718,571 in 2020, an increase of \$3,042,976. Most of the increase comes from the Napierville BMR, which saw a 29.3% increase in sales for \$1,514,280, successfully capturing market share following the closure of the RONA in Napierville in September 2020. The increase for all seven branches is between 12% and 37%. All branches showed positive segment performance; a first since the 2016 merger.

The gross margin for 2020 was 29.5%. This year's margin is up slightly to 29.8%. This increase is due to lower obsolescence in 2021 compared to 2020 and higher BMR Group discounts. Internal strategies to improve obsolescence management have finally paid off in the past year. Despite supply challenges, continued consumer demand is propelling the profitability of this sector to be the primary economic driver for your cooperative for a second consecutive year.

Convenience store & Gas station

Convenience store sales increased by 33.6% or \$596,568, mainly in the grocery segment. In terms of gas station sales, the number of liters sold increased by 14.4% to nearly 4 million liters. Customer traffic picked up following the deconfinement, which increased sales at the branch. The gross margin for the convenience store is slightly higher than last year. It stands at 20.1% compared to 18.8% in 2020.

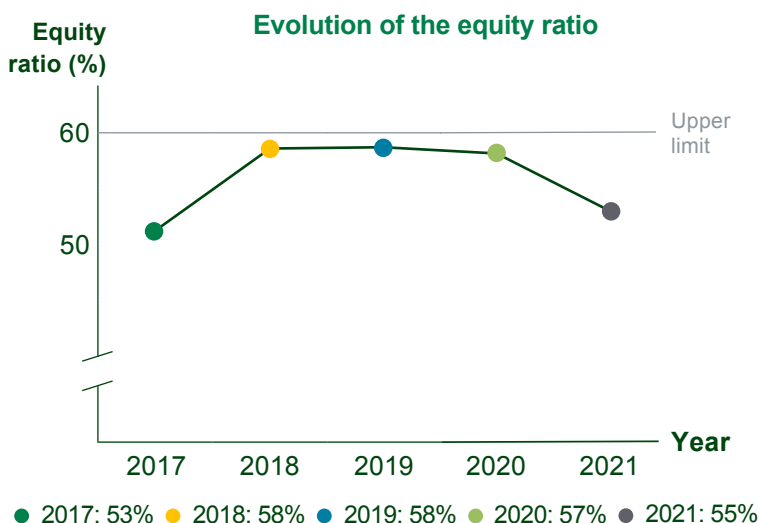
FINANCIAL POSITION

Since the merger, your cooperative's balance sheet has continued to improve. With its ever-increasing profitability and the completion of its restructuring through the establishment of the regional partnership Sollio & Uniag Agriculture Cooperative, we are now well positioned to begin the infrastructure renewal phase in the crop production sector. Uniag Cooperative's consolidated balance sheet as of October 30, 2021, showed total assets of \$88.7 million compared to \$70.95 million at the end of the previous fiscal year. The increase in total assets is mainly attributable to the increase in accounts receivable and deposits on inventories for the current portion.

The increase in investments, related to the portion of the Sollio Cooperative Group patronage dividend transferred to shares, the acquisition of an interest in QMO Agricultural Partnership L.P. for an amount of \$3.9 million, and the increase in property, plant and equipment account for the other part of the asset appreciation in 2021.

Working capital has a balance of \$22.3 million, up from \$16.72 million in 2020. The co-op's consolidated working capital ratio was 1.72 at the end of 2021, compared to 1.64 at the end of the previous year.

Equity was 54.6% at the end of fiscal year 2021, compared to 56.7% at the end of the previous fiscal year. Despite the change in certain balance sheet items, we have still managed to keep this ratio below 60%, an essential criterion for continued eligibility for the CIP (Cooperative Investment Plan) program.



CORPORATE Human Resources

Human resources are at the heart of your cooperative's success. Their daily contribution at all levels is essential. Even though the pandemic was a part of our daily life for a second year, all employees were busy with their regular duties and had to deal with several challenges, ranging from the computer breakdown to the deployment of large-scale projects such as the QMO Agricultural Partnership L.P., not to mention the implementation of an administrative process automation system. Telecommuting has become a permanent measure that allows employees who wish to do so, to have greater flexibility in their schedules. In 2021, the Board of Directors also agreed to the implementation of a variable compensation system that allows all employees to obtain an increase in their compensation when they reach - or exceed! - of corporate, sectoral and even individual objectives.

Communication

2021 has not been a smooth ride in terms of communications either. The evolution of sanitary measures has continually led us to revise our planning, sometimes at the last minute, when it was not simply the cancellation of the event in question. This additional workload has had a definite impact on the regularity to which we had become accustomed in the past. For 2022, we already foresee a significant improvement in this sense.

Information Technology

Cybersecurity has been an ongoing concern for your board since the beginning of 2020. In 2021, several activities to prevent incidents and even, at times, we conducted robustness tests to improve our infrastructure. In addition, during the peak season of spring 2021, employees stood out on two occasions by responding appropriately to a phishing campaign made without their knowledge. A training session on cybercrime was also successful last fall, with a participation rate of more than 90%, whereas the usual participation in corporate settings is around 70%. There is no such thing as zero risk, but we believe that prevention is a key success factor that will protect us for as long as possible from this type of incident.



CONCLUSION

At the risk of repeating myself, your cooperative is extremely well positioned to face the future. The business model is deployed in all sectors of activity; the human and financial resources are of the highest quality and are available. On a daily basis, the team at Uniag Cooperative, its joint ventures and its subsidiaries are hard at work to remain relevant to your agricultural businesses and to enable you to successfully meet your own challenges.

Thank you to our financial partners: Desjardins and Farm Credit Canada and to our main supplier; Sollio Groupe Coopératif and its divisions.

I would like to emphasize the spirit of cooperation that reigns between the employees of each sector, as well as between the various sectors of activity.

With your resilience in spite of the challenges encountered, your open-mindedness in the face of the many changes of the last few years and your daily dedication, we are making progress in our long-term mission and exceeding our objectives, for the benefit of the territory's farm families.

Thank you to Mr. Sylvain Brault and the Board of Directors of Uniag Cooperative for their constant collaboration and the confidence they have shown me for almost four years.

Finally, I would like to thank you, members of Uniag Cooperative, for the confidence you have shown throughout the year by promoting your cooperative as a privileged partner for your various needs in products and services. In other words, the cooperative would be nothing without its members and the growth shown would not be possible without your contribution.

A SOLID AND UNITED TEAM!

Each year, Uniaq Cooperative employees distinguish themselves by their performance, their dedication to the cooperative and their teamwork. Here are a few that were recognized in 2021.

Animal productions

We would like to highlight the exceptional work of three expert-advisor who have helped their clients make it into Sollio Agriculture's top 15! Uniaq Cooperative is the only cooperative in the network to have expert-advisors who have more than one herd in this list.



Marie-Philip Brisson, agr.
Weeberlac Holsteins
Ferme Lavigne inc.



Simon-Pierre Loiselle, T.P.
Ferme Nieuwenhof et Associés inc.
Ferme Val-Bisson



François Jacques, T.P.
Morrisbel Farm
Yireh Farms

Vegetable production



Congratulations to **Christian Provençal, agr.** for his nomination as expert-advisor of the year, horticultural production.



Congratulations to **Paul Laberge, agr.** for his nomination as revelation of the year, horticultural productions.



Congratulations to **Rami Razzouk, agr.** expert-advisor in vegetable production, who is the winner in the category Innovative Products for the year 2021.

Crop production



Congratulations to **Marc Rochette** who won the award for expert-advisor of the year in crop production.

Bottine d'or



For a second consecutive year, the winner of the Bottine d'or 2021 is **Serge Gervais**, manager of the BMR Express in Sainte-Martine and the Agrizone in Saint-Polycarpe.

The Digital Coop of the year



During the last year, **Uniaq Cooperative** has distinguished itself on the digital level. On November 11th, these efforts were rewarded by winning the Coop numérique 2021 title at the Sollio Agriculture recognition evening.

COOPERATIVE *Life*

The pandemic greatly limited the possibilities of gatherings, but we were still able to keep the associative spirit alive on a few occasions. A look back at the activities of the year 2021.

► The GM's Tour

Thanks to the active participation of 17 Uniag employees and the first edition of the Tour du DG cycling race in September 2021 as part of the Sollio Challenge, a \$10,000 fund was raised for the *De nous à vous* initiative. The funds raised were enhanced by Sollio Groupe Coopératif and distributed to the Quebec Food Banks and L'Original Food Bank, in Ontario, so that they could purchase fruits and vegetables from member producers.



► Holiday lunch

Between December 13th and 16th, 2021, we had the chance to get together for a street truck style meal. We would like to warmly thank our hosts:

- Sylvain Brault, Ferme Brault et Frères inc.
Saint-Louis-de-Gonzague, QC
- Marc Quesnel, LCM Quesnel inc.
Moose Creek, ON
- Jean-Pierre Lavigne, Ferme Lavigne inc.
Ste-Anne-de-Prescott, ON
- Manon Perras, Ferme Grand Roux inc.
Saint-Patrice-de-Sherrington, QC



We believe in cooperation

Each year, Uniag Cooperative supports the activities of the agricultural community, participates in the vitality of its territory by supporting local and regional events and invests in the next generation of farmers through its scholarship and training program.

Here are some examples of the initiatives and organisations we supported in 2021:

- Club Holstein MVS
- Guignolée
- Association de la relève agricole de la Montérégie-Ouest
- Union des cultivateurs franco-ontariens
- Club des petits déjeuners
- Livestock Breeders Association
- Association régionale equestre western du Sud-Ouest
- École Arthur Pigeon
- Casselman High School
- Conseil scolaire de district catholique de l'est ontarien
- CVR Educational Foundation
- La Bèche
- Glengarry Holstein Club
- Newton Ranch
- Festival de la Curd

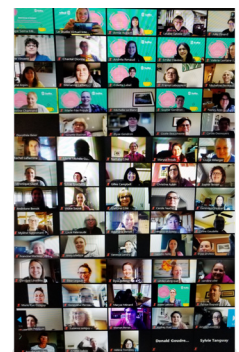
► Cooperative fund to help young farmers

Welcome to our new participant in the Fonds coopératif à la relève agricole (FCARA) who entered in 2021: Mr. Samuel Grégoire, from Ferme des Étangs in Napierville, QC.



► Women's Forum 2021

A real success for this virtual edition of the Women's Cooperative Forum 2021. It was a pleasure to meet our former participants as well as to welcome new ones to the Forum. More than 115 people were present. Thank you for your participation.



Corporate Social Responsibility

In 2021, Uniag Cooperative has initiated a concrete process to integrate the social, environmental, economic and ethical effects of its activities in its decision-making. In order to do so, an evaluation was carried out as well as a prioritization of actions, which will be re-evaluated annually in a continuous improvement process. The cooperative wishes to be a good cooperative and corporate citizen, and to have a positive impact on society while being economically viable.

Here is a first overview of Uniag Cooperative's initiatives.



SOCIAL IMPLICATION

Social involvement is an important value at Uniag Cooperative. Here are some of the projects we are involved in:



◦ Uniag Cooperative employees contributed to the renovation of a barn located at the Ormstown exhibition site.



◦ Annually, Uniag contributes over \$20,000 in donations & sponsorships to support agricultural activities and local or regional events.



◦ Uniag is pleased to rent a 1,175 square meter space free of charge to the municipality of Sainte-Martine for the establishment of the new dog park.



◦ Uniag Cooperative demonstrates its commitment to the next generation of farmers by providing training and monetary support to young farmers through the Fonds coopératif d'aide à la relève agricole.



REDUCTION OF GREENHOUSE GAS EMISSIONS



Given its mission and operations, Uniag Cooperative makes numerous deliveries and visits throughout our territory. In order to control and minimize these emissions, a calculation of the number of tons of CO² has been established. Since the beginning of the pandemic, prompting work from home has significantly reduced GHG emissions. This new practice, which will remain within the company, has a significant impact.

Before 2019: 291 T of CO² per year

Now: 166 T of CO² per year

Result: a reduction of 125 T of CO²



Did you know that free electric vehicle charging stations are available to clients in five of the cooperative's business locations? Also, three 100% electric vehicles are used by expert-advisors.

RESPONSIBLE CONSUMPTION



In order to reduce our energy footprint and to reduce our residual materials we have put in place programs such as

- the installation of LED light bulbs;
- the removal of plastic bags in all branches, one year before the federal law came into effect
- a significant reduction in paper use, notably through the use of a new software (85,000 sheets in 2021, compared to 330,000 sheets in previous years).

SUSTAINABLE ECONOMY



◦With our local purchasing policy, we encourage the purchase of goods and services produced in Ontario and Quebec.

◦Uniag Cooperative proudly participates in the AgriRecup program by offering four drop-off points for the recovery of drums, bulk tanks, tubing and other agricultural plastics such as: silage cloths and silo bags, hay bale twine, and much more...

From then to now

1934

The Cooperative of Sainte-Martine, QC

The Sainte-Martine Cooperative was founded in 1934. Its operations began in a house rented from the agricultural school in Ste-Martine. Mr. Barnabé Laberge was the first president of the cooperative.

1936

The Cooperative of Sherrington, QC

At its birth in 1936, the Sherrington Cooperative had 118 producers from the towns of Sherrington, Saint-Édouard and Saint-Michel. J.-A. Pinsonneault, was the instigator of this tremendous success.

1937

The Cooperative of Saint-Polycarpe, QC

The Saint-Polycarpe Farmers' Cooperative was founded by 33 farmers. They wanted to operate a butter factory and a grain screening station.

1942

The Cooperative of St-Albert, ON

On July 28th, 1942, the three founding members signed the charter of the new cooperative. They were Albert Benoit, Albert Genier and Hector Ouimet. At the beginning, there were 35 members and 6 months later, on December 31st, 1942, the number of members reached 70.

1942

The Cooperative of Saint-Rémi, QC

The first Coop in Saint-Rémi was founded in 1915. However, due to financial difficulties, it had to close. In 1942, due to the growing demand, the Coop de Saint-Rémi rose from its ashes and restarted its cooperative mission.

1942

The Cooperative of St-Isidore, ON

In the beginning, the Coop de St-Isidore concentrated on the classification of eggs. Without the volunteer work of Henri Ranger, Rosario Beauchêne and Rhéal Legault, the Coop de St-Isidore would not have been as successful as it was.

1945

The Cooperative of Casselman, ON

On May 16th, 1945, the incorporation was made under the name of the Casselman Agricultural Society. The following year, the first warehouse was built near the railroad. In 1995, the number of members was 200.

1998

AgriEst Coop

On September 1st, 1998, the cooperatives of Saint-Isidore, Saint-Albert, Casselman, Cornwall, Alexandria, Vankleed Hill and Clarence Creek amalgamated to create AgriEst Cooperative.

2000

Coop des Frontières

It's in 2000 that the forces of the regional cooperatives of Suroît were gathered. In order to create officially, the Coop des Frontières, the branches of Sainte-Martine, Sainte-Barbe and Saint-Polycarpe united.

2006

Uniforce Coop

On May 29th, 2006, the Coopérative agricole du sud de Montréal opted for a name more inclusive of its new territory and adopted the name La Coop Uniforce.

2016

Unifrontières Coop

On November 27th, 2016, the merger between La Coop des Frontières and La Coop Uniforce increased the number of members and allowed for a greater service offering. In addition, on April 1st, 2017, AgriEst Coop joined Unifrontières.

2020



Birth of Uniag Cooperative

In November 2020, Uniag was born. This new name pays tribute to Unifrontières, agriculture and farmers, Uniag Cooperative evokes the notions of innovation, agility and uniqueness, while being valid in both official languages.

Did you know?

in 1934

1 liter of milk: 10 ¢

1 lb of butter: 28¢

Average hourly wage: 46¢

*Growing
since
1934*



INDEPENDENT AUDITOR'S REPORT

To the Members of
UNIAG COOPÉRATIVE

Opinion

We have audited the consolidated financial statements of **UNIAG COOPÉRATIVE** and its subsidiaries (the Group), which comprise the consolidated balance sheet as at October 30, 2021, and the consolidated statements of income, reserve and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 30, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with section 5 of the Regulation under the Cooperatives Act.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with section 5 of the Regulation under the Cooperatives Act., and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

LLG CPA inc.¹

Saint-Rémi, February 16, 2022

¹ By CPA auditor, CA, public accountancy permit No. A129101

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UNIAG COOPÉRATIVE
CONSOLIDATED INCOME
YEAR ENDED OCTOBER 30, 2021

	October 30, 2021 (12 months)	October 31, 2020 (11 months)
SALES	\$ 181,428,771	\$ 153,006,485
COST OF GOOD SOLD (Schedule A)	<u>155,939,883</u>	<u>131,347,728</u>
GROSS PROFIT	<u>25,488,888</u>	<u>21,658,757</u>
OPERATING EXPENSES		
Operating and sales expenses	12,713,180	11,363,400
Administration expenses	3,655,656	2,848,521
Interest on long-term debt	153,675	184,870
Interest and bank charges	205,036	356,333
Interest on preferred shares	278,491	230,939
Interest income	(246,178)	(160,090)
Amortization of property, plant and equipment and assets under capital leases	<u>851,674</u>	<u>689,413</u>
	<u>17,611,534</u>	<u>15,513,386</u>
EARNINGS	<u>7,877,354</u>	<u>6,145,371</u>
OTHER REVENUES		
Patronage refunds - Sollio Groupe Coopératif	1,745,336	1,023,849
Patronage refunds - others	5,842	4,023
Partnership capital distribution	93,751	-
Dividends	16,835	18,019
Unrealized profit on derivative financial instruments	271,948	52,575
Gain on the disposal of property, plant and equipment	53,295	18,727
Devaluation on intangible assets	-	(7,800)
Gain on the disposal of property, plant and equipment held for sale	1,434,082	-
Canada emergency wage subsidy	<u>261,015</u>	<u>236,351</u>
	<u>3,882,104</u>	<u>1,345,744</u>
SURPLUS EARNINGS FOR THE YEAR BEFORE SUBSIDIARIES INCOME TAXES	<u>11,759,458</u>	<u>7,491,115</u>
INCOME TAXES		
Current	1,823,467	1,336,051
Future	<u>127,379</u>	<u>(6,349)</u>
	<u>1,950,846</u>	<u>1,329,702</u>
NET SURPLUS EARNINGS FOR THE YEAR	<u>\$ 9,808,612</u>	<u>\$ 6,161,413</u>
ATTRIBUTABLE		
TO THE MEMBERS OF THE COOPERATIVE (Note 4)	\$ 7,709,787	\$ 4,983,210
TO NON-CONTROLLING INTERESTS	<u>2,098,825</u>	<u>1,178,203</u>
	<u>\$ 9,808,612</u>	<u>\$ 6,161,413</u>

UNIAG COOPÉRATIVE
CONSOLIDATED RESERVE
YEAR ENDED OCTOBER 30, 2021

	October 30, 2021 (12 months)	October 31, 2020 (11 months)
BALANCE, BEGINNING OF YEAR	\$ 17,733,434	\$ 16,274,131
Net surplus earnings from the previous financial year	<u>4,983,210</u>	<u>2,744,334</u>
	<u>22,716,644</u>	<u>19,018,465</u>
Patronage refunds from the previous year		
Cash	(1,571,714)	(679,442)
Membership shares	(16,704)	(11,745)
Preferred shares	(1,047,783)	(681,342)
Future income taxes related to the previous year's surplus earnings	<u>(14,351)</u>	<u>87,498</u>
	<u>(2,650,552)</u>	<u>(1,285,031)</u>
BALANCE, END OF PERIOD	\$ <u><u>20,066,092</u></u>	\$ <u><u>17,733,434</u></u>

UNIAG COOPÉRATIVE
CONSOLIDATED CASH FLOW
YEAR ENDED OCTOBER 30, 2021

	October 30, 2021 (12 months)	October 31, 2020 (11 months)
OPERATING ACTIVITIES (Note 3)		
Inflows relating to year consolidated earnings	\$ 7,718,422	\$ 6,178,240
Net changes in non-cash working capital items	<u>(11,357,636)</u>	<u>(1,971,380)</u>
	<u>(3,639,214)</u>	<u>4,206,860</u>
INVESTING ACTIVITIES		
Acquisition of investments	(76,639)	(397,196)
Acquisition of interest in joint-arrangement	(3,921,287)	-
Proceeds from disposal of investments	853,753	125
Acquisition of property, plant and equipment	(3,424,486)	(1,083,090)
Proceeds from the disposal of property, plants and equipment	92,300	29,836
Acquisition of property, plant and equipment held for sale	(3,901)	(15,246)
Proceeds from the disposal of property, plant and equipment held for sale	<u>2,471,762</u>	<u>-</u>
	<u>(4,008,498)</u>	<u>(1,465,571)</u>
FINANCING ACTIVITIES		
Net change in bank loan	2,081,185	4,585,968
Long-term loans	6,600,000	874,585
Repayment of long-term debt	(1,642,822)	(639,135)
Repayment of obligations under capital leases	(16,881)	(14,459)
Patronage refunds paid	(1,571,714)	(679,442)
Issuance of member shares and preferred shares	1,822,831	842,722
Redemption of member shares and preferred shares	(725,311)	(370,718)
Dividends	(900,000)	(300,000)
Repayment of preferred shares	(252,000)	(231,000)
Contributed surplus	<u>-</u>	<u>2</u>
	<u>5,395,288</u>	<u>4,068,523</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,252,424)	6,809,812
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>8,450,956</u>	<u>1,641,144</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 6,198,532</u>	<u>\$ 8,450,956</u>

Cash and cash equivalents consist of cash.

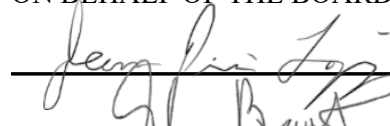
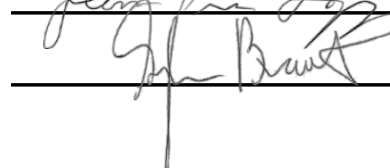
UNIAG COOPÉRATIVE
CONSOLIDATED BALANCE SHEET
OCTOBER 30, 2021

	October 30, 2021	October 31, 2020
ASSETS		
CURRENT		
Cash	\$ 6,198,532	\$ 8,450,956
Accounts receivable (Note 5)	14,856,740	10,098,522
Income taxes receivable	213,236	-
Inventories (Note 6)	16,657,641	15,982,066
Deposits on inventories	14,616,618	8,098,349
Prepaid expenses	395,750	288,430
Derivative financial instruments (Note 7)	193,654	132,317
Future income taxes	<u>55,541</u>	<u>-</u>
	53,187,712	43,050,640
INVESTMENTS (Note 8)	19,008,807	16,844,492
INTEREST IN A JOINT-ARRANGEMENT (Note 9)	3,921,287	-
PROPERTY, PLANT AND EQUIPMENT AND ASSETS UNDER CAPITAL LEASES (Note 10)	7,814,737	6,502,395
PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE	1,221,465	1,033,779
INTANGIBLE ASSETS - SOFTWARE IN DEVELOPMENT	31,200	31,200
GOODWILL	3,486,966	3,486,966
FUTURE INCOME TAXES	<u>31,662</u>	<u>-</u>
	<u>\$ 88,703,836</u>	<u>\$ 70,949,472</u>

UNIAG COOPÉRATIVE
CONSOLIDATED BALANCE SHEET
OCTOBER 30, 2021

	October 30, 2021	October 31, 2020
LIABILITIES		
CURRENT		
Bank loan (Note 11)	\$ 13,814,176	\$ 11,732,991
Accounts payable (Note 12)	10,719,874	9,510,284
Advance payments	2,119,543	867,216
Income taxes payable	259,233	86,479
Derivative financial instruments	-	79,742
Future income taxes	-	35,003
Obligations under capital leases - current portion (Note 13)	16,244	16,881
Long-term debt - current portion (Note 14)	935,084	438,181
Long-term debt - current renewable portion (Note 14)	1,382,206	1,920,039
Preferred shares - current portion (Note 15)	<u>1,629,945</u>	<u>1,642,822</u>
	30,876,305	26,329,638
OBLIGATIONS UNDER CAPITAL LEASES (Note 13)	-	16,244
LONG-TERM DEBT (Note 14)	7,433,938	2,435,830
PREFERRED SHARES REDEEMABLE (Note 15)	-	223,000
FUTURE INCOME TAXES	<u>2,004,248</u>	<u>1,740,312</u>
	<u>40,314,491</u>	<u>30,745,024</u>
EQUITY		
PREFERRED SHARES	14,450,043	12,309,047
MEMBERS' EQUITY		
Social capital (Note 16)	816,125	811,235
CONTRIBUTED SURPLUS	2	2
COOPERATIVE EQUITY		
Net surplus earnings (Note 4)	7,709,787	4,983,210
Reserve	<u>20,066,092</u>	<u>17,733,434</u>
	43,042,049	35,836,928
NON-CONTROLLING INTERESTS	<u>5,347,296</u>	<u>4,367,520</u>
	<u>48,389,345</u>	<u>40,204,448</u>
	<u>\$ 88,703,836</u>	<u>\$ 70,949,472</u>

ON BEHALF OF THE BOARD

_____, Director
_____, Director

1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

The cooperative, established under the Cooperatives Act, resulting from a merger between La Coop Uniforce and La Coop des Frontières, agricultural cooperative, is an organization created to procure goods and services for its members which they then use for operating their enterprises. It operates hardware stores, sells a variety of products mainly in the agricultural sector, and markets grain. On August 20, 2020, the cooperative adopted the corporate name Uniag Coopérative.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE), with the exception of certain situations arising from the requirements of section 5 of the Regulation under Cooperatives Act, and includes the following significant accounting policies:

Patronage refunds and income taxes

The net surplus earning for the year presented in the consolidated income statements is established before patronage refunds and income taxes on net surplus earnings of the cooperative. The amount of the patronage refunds is established by members at the Annual General Meeting. The net surplus earnings for the year, the patronage refunds and income taxes on net surplus earnings will be entered against the consolidated reserve during the next financial year.

Interest on preferred shares

Interest on preferred shares and related income taxes are indicated in the consolidated income statement.

Basis of consolidated

The consolidated financial statements include the accounts of the cooperative and its subsidiaries. On consolidation, all intercompany transactions and balances have been eliminated.

The cooperative's subsidiaries are as follows:

Name	Description	Percentage ownership
9406-5299 Québec inc.	Holding	70 %
Norseco S.E.C.	Seed distributor	73.4 %
9403-1689 Québec inc.	Holding	73.4 %

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Sales of services are registered when the services are rendered to the client as long as there is proof a sales agreement, that the price has been determined or is possible to establish, and that the probability of collecting the payment is reasonably good.

Volume discounts are registered as a reduction in the sales figure as the sale is recorded.

Cash discounts given to customers are registered as a reduction in the sales figure as the sale is recorded.

Cash considerations received from suppliers constitute a reduction in the price of the suppliers' products or services and is recorded as a reduction in the cost of goods sold and of related inventories when referred to the consolidated financial statements of a cooperative. Certain exceptions apply when the cash consideration received represents either a reimbursement of the costs incurred by the cooperative to sell the products of the supplier, or a payment for goods delivered or services provided to suppliers.

Government subsidies are recognized in the year to which the related, provided that the company is reasonably certain that it has complied, and continuing to comply, with all of the conditions attached to the granting of this assistance.

Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the wage subsidies, the net realizable value of inventory, the provision for doubtful accounts, the impairment of financial assets, the useful lives of property, plant and equipment and intangible assets subject to amortization.

Cash and cash equivalents

The cooperative's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn.

Financial instruments

Initial and subsequent measurement

The cooperative initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The cooperative subsequently measures all its financial assets and liabilities at cost or amortized cost, except for forward contracts and foreign exchange contracts.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Preferred shares investments of private companies and membership shares are recorded at cost.

Financial assets measured at fair value include forward contracts and foreign exchange contracts.

Financial liabilities measured at amortized cost on a straight-line basis include bank loan, accounts payable, advance payments and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the cooperative determines whether there are indications of possible impairment. When there is an indication of impairment, and the cooperative determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using straight-line method.

Derivative financial instruments

In accordance with its risk management strategy, the cooperative uses derivative financial instruments to manage the risks associated with fluctuations in the cost of grain and the foreign exchange risks arising from its future commercial transactions abroad. Derivative financial instruments include forward price contracts and foreign exchange contracts.

Derivative financial instruments, for those not designated as hedge funds, are recorded at their estimated fair value as an asset or liability, which is the approximate amount that can be obtained from the settlement of these instruments at market prices or rates. Gains or losses resulting from the revaluation at the end of each year are recorded in the earnings. For forward contracts, fair value is determined by dealers using quoted market prices.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are measured at the lower of cost and net realizable value. The weighted average cost is determined using the first-in, first-out method.

For stock of seeds of one of subsidiaries, they are measured at the lower of cost and net realizable value. The cost is determined according to the specific cost method.

The cost of inventories includes all purchase costs and other costs incurred to bring inventories to their present location and condition. Purchase costs include the purchase price, import duties and non-recoverable taxes, as well as transportation, handling, and other costs directly attributable to the acquisition of the products.

Interests in a joint-arrangement

The interests in a joint-arrangement are accounted at the equity method.

Property, plant and equipment and assets under capital leases

Property, plant and equipment and assets under capital leases are accounted for a cost and reduced by any governmental assistance. They are amortized on the basis of their useful life using the declining balance methods at the following rates:

Buildings	4 % and 10 %
Office furniture	20 %
Computer equipment	30%
Rolling stock	10 % and 30 %
Pavement and sidings	8 %
Truck scales	20 %
Machinery and equipment	20 %
Leasehold improvements	20%

Property, plant and equipment held for sale

Property, plant and equipment held for sale are recorded at the lower of their book value and fair value less selling costs and are not amortized.

Intangible assets

Intangible asset consists of a software and is recorded at cost. It will be amortized on the basis of their useful life using the declining balance method at 20 % when it is used.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized and is tested for impairment whenever events or changes in circumstances indicate that the fair value of the reporting unit to which the goodwill is assigned may be less than its carrying amount. When the carrying amount of a reporting unit exceeds its fair value, a goodwill impairment loss is recognized in net income in an amount equal to the excess.

Currency conversion

Transactions in foreign currencies are converted into Canadian dollars. Monetary items on the balance sheet are converted at the exchange rate in effect at the end of the year, while non-monetary items are converted at the exchange rate in effect on the date of the transaction. Income and expenses are converted at the exchange rate in effect on the date of the transactions. Gains and losses resulting from the conversion are included in the earnings.

Income taxes on the surplus earnings

The cooperative uses the tax liability method to calculate the income tax due on the surplus earnings. Future income tax assets and liabilities on the surplus earnings are recognized to take into account temporary differences in the future tax consequences between the accounting the accounting value of assets and liabilities and their tax value. Future income tax assets and liabilities on the surplus earnings are measured using the rates applicable in the year in which the differences are expected to reverse.

For their part, the subsidiaries use the future income tax method to record income taxes on its profits.

3. CASH FLOW

Inflows related to the consolidated income of the year are detailed as follows:

	October 30, 2021 (12 months)	October 31, 2020 (11 months)
Net surplus earnings for the year	\$ 9,808,612	\$ 6,161,413
Items not affecting cash :		
Depreciation of property, plant and equipment and assets under capital leases	851,674	689,413
Gain on disposal of property, plant and equipment	(53,295)	(18,727)
Devaluation on intangible assets	-	7,800
Loss on derivative financial instruments	52,575	113,959
Unrealized gain on derivative financial instruments	(157,948)	(52,575)
Patronage refunds converted into shares	(1,221,735)	(716,694)
Future income taxes	(127,379)	(6,349)
Gain on disposal of property , plant and equipment held for sale	<u>(1,434,082)</u>	<u>-</u>
	<u>\$ 7,718,422</u>	<u>\$ 6,178,240</u>

The net changes in non-cash working capital items are as follows:

	October 30, 2021 (12 months)	October 31, 2020 (11 months)
Accounts receivable	\$ (4,758,218)	\$ (2,269,882)
Income taxes receivable	(40,482)	796,671
Inventories	(2,395,269)	1,417,695
Deposits on inventories	(6,518,269)	(3,252,782)
Prepaid expenses	(107,320)	121,610
Accounts payable	1,209,595	2,505,799
Advance payments	<u>1,252,327</u>	<u>(1,290,491)</u>
	<u>\$ (11,357,636)</u>	<u>\$ (1,971,380)</u>

The cooperative traded inventories with a value of \$ 1,719,614 in consideration for an investment.

4. SURPLUS EARNINGS FOR THE YEAR - RECOMMENDATION ON DISTRIBUTION

At its meeting on February 16, 2022, the Board of Directors decided to recommend to its members that they distribute a patronage refunds of \$ 5,286,063 for the financial year ending October 30, 2021.

Considering that at the general meeting, the members approved the aforementioned recommendation, the income taxes on surplus earnings that will be recorded in the reserve for the following year, in accordance with the Regulation under the Cooperatives Act, are as follows:

	October 30, 2021 (12 months)	October 31, 2020 (11 months)
Surplus earnings for the year	\$ 7,709,787	\$ 4,983,210
Recommended patronage refunds	<u>(5,286,063)</u>	<u>(2,639,862)</u>
	2,423,724	2,343,348
Income taxes on surplus earnings		
Future payment related to the surplus earnings for the year	<u>255,304</u>	<u>(12,244)</u>
Amount to be allocated to the reserve	<u>\$ 2,679,028</u>	<u>\$ 2,331,104</u>

The future income taxes consist of the excess of the carrying amount of property, plant and equipment, as well as tax losses carried forward to the tax value and dividends received in preferred shares for an amount of \$1,748,943 in liabilities (\$2,004,248 in liabilities in 2020).

5. ACCOUNTS RECEIVABLE

	October 30, 2021	October 31, 2020
Customers		
Grains	\$ 4,206,917	\$ 2,086,224
Members	2,994,081	2,147,819
Allowance for doubtful accounts	(47,592)	(224,996)
Sales Taxes	131,457	327,231
Broker deposits	-	254,851
Others	7,310,862	5,271,042
Grants receivable	<u>261,015</u>	<u>236,351</u>
	<u>\$ 14,856,740</u>	<u>\$ 10,098,522</u>

6. INVENTORIES

	October 30, 2021	October 31, 2020
Animal feed	\$ 320,174	\$ 292,724
Packaging materials	102,087	83,846
Hardware Stores	5,273,640	4,830,055
Grains	283,642	2,054,524
Fertilizer center	488,821	685,274
Crop protection products and seeds	<u>10,189,277</u>	<u>8,035,643</u>
	<u>\$ 16,657,641</u>	<u>\$ 15,982,066</u>

The provision for depreciation of inventories at their net relizable value amounts to \$ 780,664 (\$ 968,195 in 2020), the variation was recognized as a cost of goods sold.

7. DERIVATE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments reflects the estimated amounts that the cooperative should receive (or pay) to terminate open-ended contracts at the end of the year. The fair value of derivative financial instruments as at the end of the year, is as follows:

	Nominal Contractual Value	Balance Sheet	Fair value asset (liability) October 30, 2021	Fair value asset (liability) October 31, 2020
Forward contracts	\$ -	Current asset	\$ -	\$ 132,317
Foreign exchange contracts	\$ 8,000,000	Current asset (liability)	<u>193,654</u>	<u>(79,742)</u>
			<u>\$ 193,654</u>	<u>\$ 52,575</u>

8. INVESTMENTS

	October 30, 2021	October 31, 2020
Sollio Groupe Coopératif - Class A common shares 915 shares (899 shares in 2020)	\$ 22,875	\$ 22,475
Sollio Groupe Coopératif - Class B common shares 2,113,337 shares	2,113,337	2,113,337
Sollio Groupe Coopératif - Class D common shares 13,611,418 shares (13,243,435 shares in 2020)	13,611,418	13,243,435
Other cooperatives	2,465	2,368
11.28 % interest in 9372-4409 Québec inc.	541,794	541,794
0.4963 % interest in Énergie RC S.E.C	217,287	217,287
Membership shares		
Coopérative Beauharnois en santé - coop de solidarité	500	500
Centre Coopératif de grains	5,000	5,000
Coopérative de développement régional du Québec	100	100
Loan receivable from company, without interest or terms of repayment	300,000	300,000
2.34 % interest (2.10 % in 2020) in Optiboef S.E.N.C.	1,000	1,000
11.57 % interest of Class A shares in Grains Québec Commandité inc.	9	9
750,752 (397,187 in 2020) Class A common shares, representing an 11.57 % interest in Partenariat Agricole GQ S.E.C.	750,752	397,187
1,407,661 Class C preferred shares in Partenariat Agricole GC S.E.C.	1,407,661	-
34,609 Class A common shares, representing an 2.39 % interest in 2836072 Ontario inc.	<u>34,609</u>	<u>-</u>
	<u>\$ 19,008,807</u>	<u>\$ 16,844,492</u>

9. INTEREST IN A JOINT-ARRANGEMENT

	October 30, 2021	October 31, 2020
50 Class A common shares, representing an 50 % interest in Partenariat Agricole QMO S.E.C.	\$ 3,921,237	\$ -
50 Class A common shares, representing an 50 % interest in Commandité QMO inc.	<u>50</u>	<u>-</u>
	<u>\$ 3,921,287</u>	<u>\$ -</u>

The entity Partenariat Agricole QMO S.E.C. specializes in the marketing of agricultural products, specifically animal feeding and products and services in the vegetal sector.

The entity Commandité QMO inc. acts as general partner for the limited partnership.

10. PROPERTY, PLANT AND EQUIPMENT AND ASSETS UNDER CAPITAL LEASES

			October 30, 2021	October 31, 2020
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,730,585	\$ -	\$ 1,730,585	\$ 1,066,645
Buildings	6,556,401	1,792,486	4,763,915	2,736,776
Office furniture	89,460	73,378	16,082	20,183
Computer equipment	811,081	544,879	266,202	245,089
Rolling stock	406,741	247,466	159,275	1,402,644
Pavement and sidings	635,741	275,370	360,371	288,577
Truck scales	231,695	219,501	12,194	17,126
Machinery and equipment	1,646,963	1,194,573	452,390	464,417
Leasehold improvements	101,215	47,492	53,723	235,215
Rolling stock under capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,723</u>
	<u>\$ 12,209,882</u>	<u>\$ 4,395,145</u>	<u>\$ 7,814,737</u>	<u>\$ 6,502,395</u>

The cooperative transferred to its property, plant and equipment held for sale a net value of \$ 1,221,465 of property, plant and equipment (\$1,033,779 in 2020).

11. BANK LOAN

The cooperative has an authorized two lines of credit of \$ 15,000,000 of which \$ 10,500,000 had not been used as at October 30, 2021. This bank loan is secured by a first ranked moveable mortgage on the universality of present and future receivables, tangible and intangible inventories for an amount of \$ 15,000,000 and is renewable annually. Accounts receivable and inventories have a net value of \$ 18,693,981 (\$ 16,910,874 in 2020).

The cooperative also has an authorized line of credit of \$ 10,000,000 of which \$ 685,824 amount had been used as at October 30, 2021. This loan is secured by a second ranked moveable mortgage on the universality of present and future receivables, inventories, property, plant and equipment and intangible assets for a capital amount of \$ 10,000,000. Accounts receivable and inventories have a net value of \$ 18,693,981 (\$ 16,910,873 in 2020). This loan will be transferred to Partenariat QMO S.E.C. as at November 1st, 2021. Uniag Cooperative will remain co-borrower of the credit line following the transfer.

One of subsidiaries have an authorized line of credit of \$ 5,000,000 of which no amount is used as at October 30, 2021. In addition, it has a \$ 700,000 foreign exchange facility, of which no amount is used as at October 30, 2021. It is secured by a first ranked moveable mortgage of \$ 7,000,000 on the universality of moveable assets, receivables, and inventories, having a net value of 16,006,332 \$ (\$ 15,501,191 in 2020). The agreement is renewable annually.

12. ACCOUNTS PAYABLE

	October 30, 2021	October 31, 2020
Members	\$ 1,670,383	\$ 974,030
Sollio Groupe Coopératif	3,268,971	2,568,628
Government remittances	134,219	356,145
Other suppliers and accrued liabilities	<u>5,646,301</u>	<u>5,611,481</u>
	<u>\$ 10,719,874</u>	<u>\$ 9,510,284</u>

13. OBLIGATIONS UNDER CAPITAL LEASES

	October 30, 2021	October 31, 2020
Capital lease for rolling stock, 8.24 % maturing in May 2022, capital and interest repayable in monthly instalments of \$ 1,012	\$ 14,000	\$ 24,771
Capital lease for rolling stock, 5.12 % maturing in May 2022, capital and interest repayable in monthly instalments of \$ 535	<u>2,244</u>	<u>8,354</u>
	16,244	33,125
Obligations under capital leases - current portion	<u>16,244</u>	<u>16,881</u>
	<u>\$ -</u>	<u>\$ 16,244</u>

The minimum future payments due on capital leases over the next two years are as follows:

2022	\$ 16,581
Interest included in minimum payments	<u>337</u>
	<u>\$ 16,244</u>

14. LONG-TERM DEBT

	October 30, 2021	October 31, 2020
Loan from Caisse Desjardins des Seigneuries de la frontière, 1.90 %	\$ -	\$ 978,616
Loans from Caisse Desjardins de l'Ouest de la Montérégie, 1.90 % to 3.94 %, renewable from November 2021 to September 2022, secured by property, plant and equipment with a net value of \$ 3,123,379, principal and interest repayable in total monthly instalments of \$ 34,603 ^(a)	1,956,835	2,303,538
Notes payable to Sollio Groupe Coopératif, 2.45 %, maturing in April 2022, payable in full on the due date	<u>710,256</u>	<u>774,060</u>
To carry forward	\$ 2,667,091	\$ 4,056,214

14. LONG-TERM DEBT (continued)

	October 30, 2021	October 31, 2020
Carried forward	\$ 2,667,091	\$ 4,056,214
Loan, 10.5 %, maturing in October 2023, principal repayable in monthly instalments of \$ 10,400	253,065	477,865
Loan from Caisse Desjardins de l'Ouest de la Montérégie, 1.8 %, renewable in January 2022, secured by property, plant and equipment with a net value of \$ 726,829, principal and interest repayable in total monthly instalments of \$ 3,033	231,072	259,971
Loans from Fédération des Caisses Desjardins du Québec, 2.45 %, renewable in November 2024, secured by a first mortgage on the universality of present and futur receivables, inventories, property, plant and equipment and intangible assets with a net value of \$ 26,558,894, principal and interest repayable in total monthly instalments of \$ 57,679	<u>6,600,000</u>	<u>-</u>
	9,751,228	4,794,050
Long-term debt - current portion	935,084	438,181
Long-term debt - current renewable portion	<u>1,382,206</u>	<u>1,920,039</u>
	<u>\$ 7,433,938</u>	<u>\$ 2,435,830</u>

- a) After the end of the year, the cooperative renewed its loan in November 2021. According to the conditions in force from November 22, 2021, the loan is repayable by monthly instalments of \$ 11,990 and the interest rate is 2.45 %.

The estimated payments on the long-term debt during the next five years, established as follows:

2022	\$ 1,156,805
2023	\$ 1,165,389
2024	\$ 1,076,231
2025	\$ 1,054,098
2026	\$ 955,607

15. PREFERRED SHARES REDEEMABLE

	October 30, 2021	October 31, 2020
Class ESSOR preferred shares, 7.25 %, maturing in September 2022	\$ 223,000	\$ 475,000
Class F preferred shares	-	417,839
Class Q preferred shares, 3.2 %	-	972,983
Class R preferred shares	<u>1,406,945</u>	<u>-</u>
	1,629,945	1,865,822
Preferred shares - current portion	<u>1,629,945</u>	<u>1,642,822</u>
	<u>\$ -</u>	<u>\$ 223,000</u>

16. SOCIAL CAPITAL

The cooperative members' equity consists of social shares, preferred shares and associates shares. The cooperative may issue an unlimited number of social shares with a nominal value of \$ 10 each. All members must hold 100 social shares at \$ 10 each for a total of \$ 1,000. A member only has the right to one vote, no matter how many social parts they hold. These shares are paid for the following way: \$ 250 at the time of subscription, the balance is payable out of future patronage refunds that will be declared. The member has the option of paying the balance in advance.

An auxiliary member must hold 5 social shares at \$ 10 each for a total of \$ 50. This member has no voting rights but has the right to patronage refunds. This share class was abolished in 2021.

An individual auxiliary member must hold 1 social shares at \$ 10 each for a total of \$ 10. This member has no voting rights but has the right to patronage refunds.

A company auxiliary member must hold 10 social shares at \$ 10 each for a total of \$ 100. This member has no voting rights but has the right to patronage refunds.

An associate member must hold 100 social shares at \$ 10 each for a total of \$ 1,000. This member has only one voting rights, no matter how many shares are held. The relative weight of the votes cast by associate members may total not more than 25 % of the total votes. These shares are payable as follows : \$ 250 at the subscription, the balance being payable out of future patronage refunds that will be declared. The member has the option of paying the balance in advance.

16. SOCIAL CAPITAL (continued)

Cooperative regulations authorize the board to issue various classes of preferred shares and to determinate the amount, privileges, interests, rights and restrictions, and the terms and conditions of payments, repayment, and redemption.

Preferred shares, nominal value of \$ 1, interest-free, redeemable from paid-up capital at the option of the Board of Directors.

Class R preferred shares, nominal value of \$ 1, non-cumulative interest of 2.7 % to 3.2% in 2021, reviewable annually, issued under the Régime d'investissement coopératif, redeemable at the nominal value by decision of the Board of Directors in December 2021, December 2022, December 2023, December 2024 and December 2025.

Class LCF-2017 preferred shares, nominal value of \$ 1, without interest, issued in connection with the acquisition of assets, redeemable at the option of the Board of Directors.

	October 30, 2021	October 31, 2020
Shares issued and paid, presented as members' equity:		
901 social shares (919 in 2020)	\$ 805,408	\$ 796,115
- auxiliary member shares (363 in 2020)	-	15,120
4 associate member shares (0 in 2020)	4,000	-
361 individual auxiliary member shares (0 in 2020)	3,610	-
64 company auxiliary member shares (0 in 2020)	<u>3,107</u>	<u>-</u>
	<u>\$ 816,125</u>	<u>\$ 811,235</u>

Preferred shares, presented as equity:

- Preferred shares	\$ 3,849,631	\$ 2,982,182
- Class R preferred shares	7,764,412	6,490,865
- Class LCF-2017 preferred shares	<u>2,836,000</u>	<u>2,836,000</u>
	<u>\$ 14,450,043</u>	<u>\$ 12,309,047</u>

16. SOCIAL CAPITAL (continued)

During the year, the social capital and preferred shares varied as follows:

	October 30, 2021	October 31, 2020
Balance at the beginning of year	\$ 13,120,282	\$ 12,074,996
Increase		
- Issued as cash	1,822,831	842,722
- Patronage refunds converted into shares	<u>1,064,487</u>	<u>693,087</u>
	<u>16,007,600</u>	<u>13,610,805</u>
Decrease		
- Redemption	725,309	370,718
- Preferred shares presented as a financial liabilities	<u>16,123</u>	<u>119,805</u>
	<u>741,432</u>	<u>490,523</u>
	<u>\$ 15,266,168</u>	<u>\$ 13,120,282</u>

17. TRANSACTIONS WITH MEMBERS

During the year, the cooperative carried out 69.41 % (53.57 % in 2020) of its transactions with members as defined by the Regulation under the Cooperatives Act. These transactions, were made in the normal course of business, and are mesured at the exchange value, wich is the amount of consideration established and agreed by the members.

18. CONTINGENCIES

As part of a lease agreement with Sollio Groupe Coopératif, the cooperative signed a letter of guarantee in the amount of \$ 200,000.

19. CONTRACTUAL COMMITMENTS

The cooperative and their subsidiaries signed rental agreements for buildings, vehicles, and equipment with various maturing between January 2022 and March 2029. Minimum future payments total \$ 3,578,320 and include the following payments for the next five years:

2022	\$	594,629
2023	\$	496,185
2024	\$	449,435
2025	\$	407,253
2026	\$	351,659

As the result of an agreement with Sollio Groupe Coopératif, the cooperative has committed to purchasing 95 % of its feed products as well as hardware and materials from Sollio Groupe Coopératif. In addition, they will pay a \$ 20,000 annual consulting fee to Sollio Groupe Coopératif.

20. ECONOMIC DEPENDENCE

During the year, the cooperative made approximately 28 % (26 % in 2020) of its purchases from Sollio Groupe Coopératif.

During the year, the cooperative has not carry out any operation (58 % in 2020) of its grains sales to (two in 2020) major customers.

21. RELATED PARTIES TRANSACTIONS

During the year, operations were carried out with companies of the members of the Board of Directors. These transactions, were made in the normal course of business, and are mesured at the exchange value, wich is the amount of consideration established and agreed by the members.

22. SUBSEQUENT EVENT

On November 1st, 2021, the cooperative will transfer a group of assets with a net value of \$ 12,247,402 and liabilites for \$ 9,312,650 related to agricultural marketing activities to the Partenariat QMO S.E.C. in consideration for a note recevable of \$ 2,934,752.

Agricultural marketing activities will be carried out through a partnership of a 50 % interest in Partenariat agricole QMO S.E.C. from the date of this transaction.

23. FINANCIAL INSTRUMENTS

Financial risks

The significant risks arising from financial instruments to which the cooperative is exposed as at October 30, 2021 are detailed below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the cooperative by failing to discharge an obligation. The cooperative's credit risk is mainly related to accounts receivable and notes receivable.

The cooperative provides credit to its clients in the normal course of its operations. The cooperative assesses the financial condition of its clients on an ongoing basis and reviews the credit history of any new client. The cooperative establishes an allowance for doubtful accounts taking into account the credit risk of individual customers, historical trends and other information. As at October 30, 2021, approximately 43 % (54 % in 2020) of the total accounts receivable is receivable from one major corporation (two major corporation in 2020).

Liquidity risk

Liquidity risk is the risk that the cooperative will encounter difficulty in meeting obligations associated with financial liabilities. The cooperative is exposed to this risk mainly in respect operational needs and using multiple sources of funding to maintain flexibility.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The cooperative is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the cooperative to fair value risk as it varies inversely with changes in market interest rates. Floating rate instruments subject the cooperative to fluctuations in future cash flows. However, a 1 % change in the prime rate would not have a material impact on the cooperative's consolidated results and financial position.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The cooperative realizes sales and purchases in foreign currency. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations. At the end of the year, assets and liabilities denominated in foreign exchange and converted into Canadian dollars are the following:

23. FINANCIAL INSTRUMENTS (continued)

Currency risk (continued)

	October 30, 2021		October 31, 2020	
	Euros €	American dollars \$	Euros €	American dollars \$
Cash	-	(31,995)	-	484,736
Accounts receivable	-	2,023,502	-	1,069,314
Accounts payable	15,662	732,414	2,374	1,621,788

24. COMPARATIVE FIGURES

Certain figures for 2020 have been reclassified to conform to the presentation adopted in 2021.

UNIAG COOPÉRATIVE
CONSOLIDATED ADDITIONAL INFORMATION
YEAR ENDED OCTOBER 30, 2021

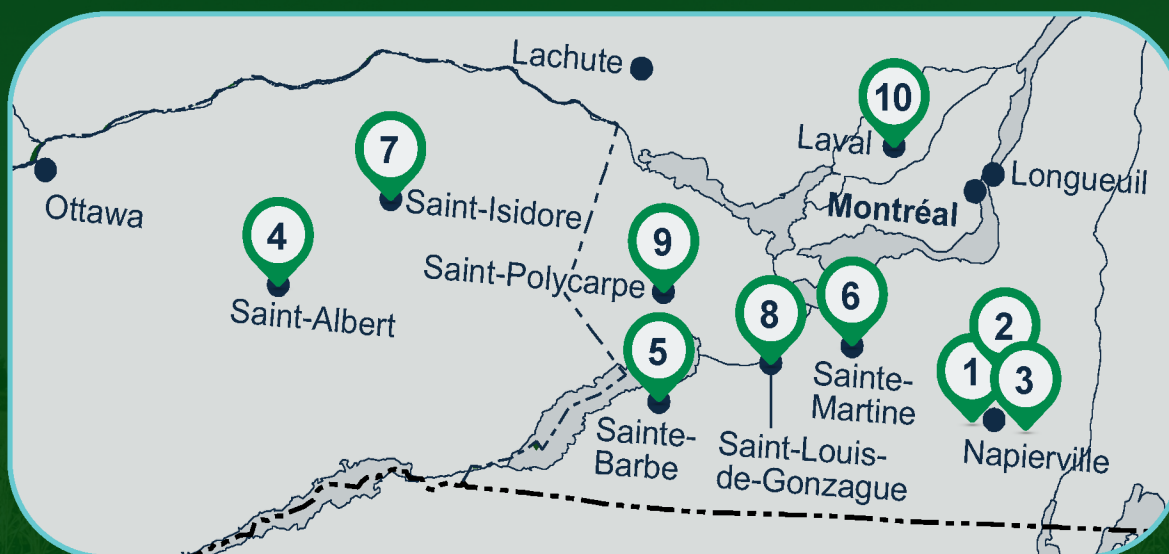
	October 30, 2021 (12 months)	October 31, 2020 (11 months)
SCHEDULE A - COST OF GOOD SOLD		
Inventories at beginning of year	\$ 26,305,032	\$ 17,399,761
Purchases	146,178,553	129,483,190
Freight charges	301,470	260,885
Increase (decrease) in inventories depreciation	<u>(187,531)</u>	<u>185,958</u>
	172,597,524	147,329,794
Inventories at the end of year	<u>16,657,641</u>	<u>15,982,066</u>
	<u>\$ 155,939,883</u>	<u>\$ 131,347,728</u>

Notes

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Notes

This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings present.



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3 FERTILIZER CENTER NAPIERVILLE
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